

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1509-01  
Bill No.: SB 444  
Subject: Insurance - Medical; Health Care; Health Care Professionals  
Type: Original  
Date: February 24, 2003

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown exceeding \$100,000)</b>	<b>(Unknown exceeding \$100,000)</b>	<b>(Unknown exceeding \$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Highway Fund	(Unknown)	(Unknown)	(Unknown)
Insurance Dedicated	\$8,000	\$0	\$0
Other Funds	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(Unknown exceeding \$100,000)</b>	<b>(Unknown exceeding \$100,000)</b>	<b>(Unknown exceeding \$100,000)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>
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FUND AFFECTED	FY 2004	FY 2005	FY 2006
Federal Funds	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Unknown exceeding \$100,000)</b>	<b>(Unknown exceeding \$100,000)</b>	<b>(Unknown exceeding \$100,000)</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Local Government</b>	<b>(Unknown exceeding \$100,000)</b>	<b>(Unknown exceeding \$100,000)</b>	<b>(Unknown exceeding \$100,000)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Social Services (DOS)** state the provisions of this proposal do not apply to the Medicaid program. Therefore, the proposal will have no impact on DOS.

Officials from the **Missouri Department of Conservation (MDC)** states the proposed legislation would not appear to have a fiscal impact on MDC funds.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** defer to the Department of Transportation for response regarding the fiscal impact of this proposal on the MHP.

Officials from the **Department of Transportation (DOT)** state that currently the medical plan covers only the manual manipulation of the spine by a licensed chiropractor to correct the subluxation that has been demonstrated by X-ray from a physician or chiropractor (the plan allows coverage for one X-ray by a chiropractor per calendar year). Covered services for manual manipulations are limited to 30 treatments per calendar year. Assuming that the Medial Plan would have to cover office visits as well as many of the other services that a chiropractor offers and not limit the number of treatments per

ASSUMPTION (continued)

calendar year, there would be a substantial fiscal impact to the medical plan. Without knowing the exact procedures or how many individuals would start utilizing a chiropractor, there is no way to estimate a fiscal impact. DOT feels the impact would be very substantial due to the increase in coverage as well as an increase in utilization.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state this proposal includes chiropractic care under the definition of "health care services" under Chapter 376. Under Chapter 376 (which include managed care organizations), patients are to have direct access to chiropractic care from a participating provider. The benefit level for such care shall not be discriminatory in terms of licensure, limit diagnosis, treatment, or management or reimbursement.

HCP currently offers chiropractic care in the same manner as any medical condition under the HMO and Co-pay plans. However, HCP's gatekeeper HMOs currently require a referral from the gatekeeper. This proposal eliminates the referral process. This will increase their costs to some extent. Generally, when the health carriers cannot direct and manage care through a gatekeeper, increased costs are realized.

Some overall additional cost is expected. However, because increased cost is a function of the acquisition of an unknown level of elevated chiropractic experience, a specific dollar amount is difficult to estimate. For example: for every ½% increase in premium, the state's cost will increase by approximately \$1,299,000; for every ½% increase in premium, the public entities' cost will increase by approximately \$96,618.

**Oversight** assumes the unknown costs would exceed \$ 100,000 annually.

Officials from the **Department of Insurance (INS)** state the INS estimates 160 insurers and HMOs would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the INS for review along with a \$50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be \$8,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, the department will need to request additional staff to handle the increase in the workload.

**This proposal would result in an increase in Total State Revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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**GENERAL REVENUE**

Costs - Missouri Consolidated Health  
 Care Plan

Increase in contributions	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>
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**ESTIMATED NET EFFECT ON  
 GENERAL REVENUE FUND**

<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>
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**HIGHWAY FUND**

Costs - Department of Transportation

Increase in contributions	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET IMPACT TO  
 HIGHWAY FUND**

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**INSURANCE DEDICATED FUND**

Income - Department of Insurance

Form filing fees	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
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**ESTIMATED NET EFFECT ON  
 INSURANCE DEDICATED FUND**

<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - State Government

FY 2004  
 (10 Mo.)

FY 2005

FY 2006

**OTHER FUNDS**

Costs - Missouri Consolidated Health  
 Care Plan

HW-C:LR:OD (12/02)

Increase in contributions	<u>(Unknown</u> <u>exceeding</u> <u>\$100,000)</u>	<u>(Unknown</u> <u>exceeding</u> <u>\$100,000)</u>	<u>(Unknown</u> <u>exceeding</u> <u>\$100,000)</u>
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**ESTIMATED NET EFFECT TO  
OTHER FUNDS**

<u>(Unknown</u> <u>exceeding</u> <u>\$100,000)</u>	<u>(Unknown</u> <u>exceeding</u> <u>\$100,000)</u>	<u>(Unknown</u> <u>exceeding</u> <u>\$100,000)</u>
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**FEDERAL FUNDS**

Costs -Missouri Consolidated Health  
Care Plan

Increase in contributions	<u>(Unknown</u> <u>exceeding</u> <u>\$100,000)</u>	<u>(Unknown</u> <u>exceeding</u> <u>\$100,000)</u>	<u>(Unknown</u> <u>exceeding</u> <u>\$100,000)</u>
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**ESTIMATED NET EFFECT TO  
FEDERAL FUNDS**

<u>(Unknown</u> <u>exceeding</u> <u>\$100,000)</u>	<u>(Unknown</u> <u>exceeding</u> <u>\$100,000)</u>	<u>(Unknown</u> <u>exceeding</u> <u>\$100,000)</u>
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FISCAL IMPACT - Local Government

FY 2004  
(10 Mo.)

FY 2005

FY 2006

**ALL POLITICAL SUBDIVISIONS**

Costs - All Political Subdivisions

Increase in contributions	<u>(Unknown</u> <u>exceeding</u> <u>\$100,000)</u>	<u>(Unknown</u> <u>exceeding</u> <u>\$100,000)</u>	<u>(Unknown</u> <u>exceeding</u> <u>\$100,000)</u>
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**ESTIMATED NET EFFECT ON ALL  
POLITICAL SUBDIVISIONS**

**(Unknown  
exceeding  
\$100,000)**

**(Unknown  
exceeding  
\$100,000)**

**(Unknown  
exceeding  
\$100,000)**

**FISCAL IMPACT - Small Business**

Small businesses could be affected by this proposal which could result in higher health insurance premiums.

**DESCRIPTION**

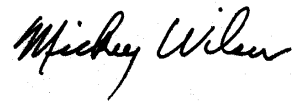
This proposal requires health insurers to provide chiropractic care as part of basic health care services for covered conditions. Health plan enrollees must be able to select their own chiropractic physician from the provider network without a referral or prior authorization. Health carriers that utilize gatekeepers may not misinform or fail to inform enrollees of the availability of chiropractic care benefits under the enrollee's plan. The proposal requires health carriers to apply the same deductibles, co-payments, co-insurance amounts, fees, benefit limits, practice parameters, and utilization review to all in-network health care providers. The proposal prohibits health carriers from discriminating against any health care provider or group of providers based on the provider's type of license.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

**SOURCES OF INFORMATION**

Department of Transportation  
Department of Social Services  
Department of Public Safety -  
Missouri Highway Patrol  
Missouri Consolidated Health Care Plan  
Department of Insurance  
Missouri Department of Conservation

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A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, stylized 'M' and 'W'.

Mickey Wilson, CPA  
Director  
February 24, 2003